GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:1030
ANSWERED ON:27.02.2006
PACKAGE FOR SUGAR INDUSTRY
Sugavanam Shri E.G.

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Tuteja Committee has recommended a package for the sugar industry;

(b) If so, details thereof;

(c) whether the Government has since accepted the recommendations of the Committee in toto;

(d) if so, the details thereof and the action taken thereon; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): Yes, Sir.

(b): The Tuteja Committee had recommended that a package of assistance for rescheduling the debts of sugar factories may be provided. It had further recommended that the exact terms of the package may be worked out by NABARD and RBI (in consultation with the state governments) on a case to case basis taking into consideration the debt service obligations and the capacity to repay of these sugar factories.

(c)&(d): Government of India has decided that all Cooperative Sugar Mills in the country which have term loans outstanding as on 31.3.2005, and which are commercially viable and have adequate operational surplus to repay the said term loans will be categorized as falling under two Categories, i.e. Category A and Category B. Accordingly, the term loans will be restructured/rescheduled to enable repayment within five years (for Category A) or within 15 years (for Category B). The rate of interest on the restructured loans will be reduced to 10% per annum, with effect from 1st April, 2005, irrespective of the original contractual rate. Government of India will provide interest subvention on the restructured loan, which is estimated at Rs.525 crores. All the Cooperative Sugar Mills in the country, irrespective of the State in which they are located can avail of the above financial assistance as per the terms and conditions of the package. RBI, NABARD and IBA have been directed t o take necessary action to implement the above decision.

(e): Does not arise.